COMMITTEE REPORT

April 20, 2022

**H. 3006**

Introduced by Reps. Brawley, Robinson, Cobb‑Hunter, Haddon, Henegan, Hosey, J.L. Johnson, Govan, King, Gilliard, Murray, McDaniel, Henderson‑Myers and Garvin

S. Printed 4/20/22--S.

Read the first time May 4, 2021.

**THE COMMITTEE ON EDUCATION**

To whom was referred a Bill (H. 3006) to amend the Code of Laws of South Carolina, 1976, by adding Section 59‑63‑785 so as to provide public schools and public school districts may not use, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/ SECTION 1. Article 7, Chapter 63, Title 59 of the 1976 Code is amended by adding:

“Section 59‑63‑785. (A) A public school or public school district, including a charter school or charter school governing body, may not:

(1) use a debt collection agency to collect or attempt to collect, directly or indirectly, debts due or assessed to be owed for outstanding debts on a school lunch or breakfast account of a student; or

(2) assess or collect any interest, fees, or other such monetary penalties for outstanding debts on student school lunch or breakfast accounts.

(B) For purposes of this section, ‘debt collection agency’ means any person or entity that collects or attempts to collect, directly or indirectly, debts due or asserted to be owed or due another. ‘Debt collection agency’ does not include the South Carolina Department of Revenue or the programs they administer or a public school, public school district, charter school, or charter school governing body.”

SECTION 2. The provisions of this act apply to debts on student lunch and breakfast accounts outstanding on the effective date of this act and incurred after the effective date of this act.

SECTION 3. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

GREG HEMBREE for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**State Expenditure**

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

The Governor’s School for the Arts and Humanities, the Governor’s School for Science and Mathematics, and the Wil Lou Gray Opportunity School indicate that they do not use debt collection services or assess any interest, fees, or other monetary penalties for outstanding debts on school lunch and breakfast accounts. The School for the Deaf and Blind indicates that the agency does not charge students for meals. We anticipate the bill will likely not impact the Governor’s School for Agriculture at John da la Howe either. Therefore, we do not expect that this bill will have an expenditure impact on the state agency schools. We will update this impact statement if the agency provides a different response.

**Local Expenditure**

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

SCDE surveyed the seventy-seven regular districts and the two charter districts regarding the expenditure impact of this bill and received responses from twenty-seven districts. Twenty-four of the responding districts indicate that the bill will have no expenditure impact. These districts indicate that they do not use debt collection agencies or that students currently receive breakfast and lunch free of charge. The three remaining responding districts indicate that the bill could increase expenses by a range of $3,800 up to $200,000 per district based on previous outstanding food service debt. Due to the varying responses, the expenditure impact of this bill on local school districts is undetermined. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

*This section of the impact statement has been updated to include additional responses from the local school districts.*

**Introduced on January 12, 2021**

**State Expenditure**

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

The Governor’s School for the Arts and Humanities, the Governor’s School for Science and Mathematics, and the Wil Lou Gray Opportunity School indicate that they do not use debt collection services or assess any interest, fees, or other monetary penalties for outstanding debts on school lunch and breakfast accounts. The School for the Deaf and Blind indicates that the agency does not charge students for meals. We anticipate a similar response from the Governor’s School for Agriculture at John da la Howe. Therefore, we do not expect that this bill will have an expenditure impact on the state agency schools.

**Local Expenditure**

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

SCDE indicates that this bill will have an undetermined expenditure impact on local school districts since some districts do use a debt collection agency to collect on student meal accounts. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 59‑63‑785 SO AS TO PROVIDE PUBLIC SCHOOLS AND PUBLIC SCHOOL DISTRICTS MAY NOT USE DEBT COLLECTION AGENCIES TO COLLECT OR ATTEMPT TO COLLECT OUTSTANDING DEBTS ON STUDENT SCHOOL LUNCH OR BREAKFAST ACCOUNTS, TO PROVIDE PUBLIC SCHOOLS AND PUBLIC SCHOOL DISTRICTS MAY NOT ASSESS OR COLLECT ANY INTEREST, FEES, OR OTHER SUCH MONETARY PENALTIES FOR OUTSTANDING DEBTS FOR STUDENT SCHOOL LUNCH OR BREAKFAST ACCOUNTS, AND TO PROVIDE THE PROVISIONS OF THIS ACT APPLY TO DEBTS ON STUDENT LUNCH AND BREAKFAST ACCOUNTS OUTSTANDING ON THE EFFECTIVE DATE OF THIS ACT AND INCURRED AFTER THE EFFECTIVE DATE OF THIS ACT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 7, Chapter 63, Title 59 of the 1976 Code is amended by adding:

“Section 59‑63‑785. (A) A public school or public school district may not:

(1) use a debt collection service to collect or attempt to collect, directly or indirectly, debts due or assessed to be owed for outstanding debts on a school lunch or breakfast account of a student; or

(2) assess or collect any interest, fees, or other such monetary penalties for outstanding debts on student school lunch or breakfast accounts.

(B) For purposes of this section, ‘debt collection agency’ means, as used in the South Carolina Consumer Protection Code, any person who collects or attempts to collect, directly or indirectly, debts due or asserted to be owed or due another. The term also includes a creditor who collects or attempts to collect, directly or indirectly, his own debts.”

SECTION 2. The provisions of this act apply to debts on student lunch and breakfast accounts outstanding on the effective date of this act and incurred after the effective date of this act.

SECTION 3. This act takes effect upon approval by the Governor.

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